

Department of Labor & Workforce Development
State of Alaska
Single Audit – Compliance Supplement

Program #	Program Name	Last Revised
1	Independent Living Rehabilitation-Statewide Centers	5/00
2	Adult Basic Education Program	5/00
3	Job Training Partnership Act	5/00
4	Job Training Partnership Act State Wide Service Delivery Area	5/00
5	State Training and Employment Program (STEP)	5/01
6	Interpreter Referrals	5/01
7	Adult and Dislocated Worker Programs (WIA)	New 5/01
8	Youth Programs (WIA)	New 5/01

Independent Living Rehabilitation – Statewide Centers Department of Labor & Workforce Development – Program 1

I. PROGRAM OBJECTIVES

Independent Living Rehabilitation Services assist persons with severe disabilities to function more independently within the family and community.

II. PROGRAM PROCEDURES

As per AS 23.15.100(b)(2), the Department makes grants to public and other nonprofit organizations for the purpose of establishing and operating rehabilitation facilities and workshops.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Compliance requirements are those which apply to the federal program for Independent Living Rehabilitation, CFDA 84.132A, Title VII, Part B, PL 105-220, 34 CFR Part 366 (The requirements for this federal program are also in the Workforce Investment Act of 1998, Title IV).

Suggested Audit Procedure

- Perform audit procedures to verify compliance with applicable federal guidelines.

B. ELIGIBILITY

Compliance Requirement

Compliance requirements are those which apply to the federal program for Independent Living Rehabilitation, CFDA 84-132A, Title VII, Part B, PL 105-220, 34 CFR Part 366 (The requirements for this federal program are also in the Workforce Investment Act of 1998, Title IV.)

Suggested Audit Procedure

- Perform audit procedures to verify compliance with applicable federal guidelines.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Quarterly fiscal and statistical reports are required. A narrative report of accomplishments is due semi-annually.

Suggested Audit Procedures

- Review procedures for preparing reports and evaluate adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data in selected reports to the supporting documentation; and
- Evaluate adjustments, if any, for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Files for individuals served must be maintained at the program site and contain pertinent information including referral information, medical reports, and an individual service plan.

Suggested Audit Procedure

- Through observation and discussion with appropriate personnel, determine whether files are maintained at the program site and whether they contain the required information.

Modified 5/00

Adult Basic Education Program Department of Labor & Workforce Development – Program 2

I. PROGRAM OBJECTIVES

The objective of this program is to provide funding to supplement federal adult education grants.

Compliance for this program is the same as the federal Adult Education – State Administered Basic Grant Program - CFDA #84.002.

Refer to the Federal Compliance Supplement.

Modified 5/00

Job Training Partnership Act
CFDA Numbers:
Title II 17.250, Title III 17.246
Department of Labor & Workforce Development – Program 3

I. PROGRAM OBJECTIVE

The objective of the Job Training Partnership Act (JTPA) is to provide funds for programs to prepare youth and unskilled adults and dislocated workers for reentry into the labor force. These programs afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment and who are in need of such training to obtain productive employment. Also, these programs provide job training and basic readjustment services to dislocated workers.

This program uses federal pass through money and the audit should be conducted in accordance with federal audit requirements.

II. PROGRAM PROCEDURES

The Department primarily distributes funds to designated Service Delivery Areas (SDA's) established by the Governor under Title I of the Act. Under Title II-A of the Act, 77% of the state's allocation is provided to the SDA's for adult training activities; 5% of the state's allocation is available to the SDA's as incentive grants; 5% is available for training services to older workers; and, 8% is available for education coordination. The remainder of the allocation is used at the state level for administration (5%). Under Title II-B of the Act, all of the state's allocation is provided, by formula, to the SDA's for summer youth training services. Under Title II-C of the Act, 82% of the state's allocation is provided to the SDA's for year-round youth training activities; 8% is available for education coordination; 5% is available for incentive grants; and, 5% is used at the state level for administration. Under Title III of the Act, funds are available to the SDA's for retraining, readjustment, and other services to dislocated workers and funds are available for state activities.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirements

In the past, the Department has received approval from the U.S. Department of Labor waiving JTPA requirements for cost categories and cost limitations on

state administered Title II and Title III programs (except for National Reserve Account grants).

Auditors should determine whether the waivers were in effect during the period of review. Contact the Job Training Partnership Office for additional information and the effects of these waivers on these and other requirements.

Title II Funds can be expended for direct training services, administration, training related and supportive services in accordance with guidelines on allowable costs issued by the Governor. 20 CFR 627.440

Title III funds can be expended for retraining, administration, rapid response, basic readjustment, and needs related payments in accordance with guidelines on allowable costs issued by the Governor. 20 CFR 631.13

Unless waived by USDOL, under the allocation to the SDA's for Title II-A and Title II-C for adult and year round youth services, not less than 50 percent of the available funds are to be used for direct training services, and not more than 20% are to be used for administration costs. These limitations also apply to funds provided as incentive grants; funds for education coordination, and funds for older workers. These percentages are based on available funds, and not on expended funds.

Unless waived by USDOL, under the Title II-B allocation to the SDA's for summer youth training services, not less than 85 percent of the allocation can be expended for training and support services, and not more than 15 percent can be expended for administration costs. These percentages are based on available funds, and not on expended funds. (20 CFR 627.445(b)(3))

Unless waived by USDOL, under the Title III allocation to the SDA's for dislocated workers, a maximum of 15 percent may be expended for administrative costs; a maximum of 25 percent for needs related payments and supportive services to participants. A minimum of 50 percent of the Title III allocation must be used for retraining activities unless the governor has formally approved a waiver of this requirement. The remaining funds may be expended for basic readjustment services. Unlike the programs described previously, these percentages are based on expended funds and not on available funds.

Expenditures made for fixed unit price contracts do not need to be allocated or prorated according to the training, support and administration cost categories, however, certain other specific requirements exist. 20 CFR 629.38(e)(2)

No funds made available under Titles I, II-A, II-C, or III may be used for public service employment. 20 CFR 629.2

Suggested Audit Procedures

- Review the Governor's guidelines.
- Test expenditure and related records.
- Compare actual to maximum allowable cost.

B. ELIGIBILITY

Compliance Requirement

Each administrative entity is responsible for determining the eligibility of those enrolled in its programs. Administrative entities may delegate eligibility determinations if the delegation and related safeguards are approved by the Department. Eligibility requirements vary by program.

Eligibility requirements and guidelines are available from the state JTPA office of the Division of Community and Rural Development. Pub. L. 102-367, Sec. 141 (e); Sec. 203 (Title II-A); Sec. 254 (Title II-B); Sec. 263 (Title II-C); and, Sec. 301 (Title III)

Suggested Audit Procedures

- Review the eligibility determination system and evaluate for adequacy.
- Review selected participant files and determine the appropriateness of eligibility determinations.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

The Title II-A and II-C 8 percent program funds have matching requirements, which will be specified in the financial assistance agreements and in policy guidelines issued by the Department.

Suggested Audit Procedure

- Review the financial assistance agreements and official Department policy, identify any matching requirements, and verify that the matching funds were provided in the amount and manner specified.

D. REPORTING REQUIREMENTS

Compliance Requirement

The administrative policies issued by the state JTPA office require grant recipients to provide quarterly financial reports and participant statistical and progress reports. The reporting requirements will be further specified in the contract agreements.

Suggested Audit Procedures

- Obtain copies of reports and determine completeness and timeliness of submission.
- Trace data in selected reports to supporting documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Under Titles II and III of the Act, SDA's and other recipients are responsible for assuring that financial and compliance audits of subrecipients are completed. In accordance with federal requirements, this may include commercial organizations. 20 CFR 627.480

Suggested Audit Procedures

- Determine whether there is an SDA or recipient requirement set forth in policy or included in contracts and agreements, that applies to subrecipients of JTPA funds and that requires audits consistent with the federal audit standards and requirements.
- Review the manner in which the SDA or recipient assures that grantees are advised of federal audit requirements and assures that audits are obtained when required.
- Ascertain whether the SDA or recipient reviews the audit reports for JTPA grant subrecipients for adequacy of the audit and reported deficiencies and then follows up accordingly to assure corrective action is taken within 180 days of receipt of the audit report. Review the procedures and evaluate for adequacy.

Compliance Requirement

SDA's and other recipients shall submit an audit resolution report, documenting the disposition of reported questioned costs and other findings on a periodic basis. (State JTPA Office policy issuance)

Suggested Audit Procedures

- Review the audit resolution report.
- Select a sample of actions contained in the report and assess the disposition.

Compliance Requirements

Costs that are billed as a single unit charge do not have to be allocated or prorated among the several cost categories (training, Title III retraining services, administration, and participant support), but may be charged entirely to training or retraining services when the agreement:

1. Is for training,
2. Is fixed unit price.

The U.S. Department of Labor discourages the use of fixed unit price agreements. If fixed unit price contracts are identified, the auditor should contact the Department to receive information on the restrictions applied to these grants.

Suggested Audit Procedures

- Review subrecipient agreements to determine if any fixed unit price contracts were administered by the recipient.
- Complete appropriate audit procedures to test whether or not the requirements for fixed unit price contracts were met.

Compliance Requirements

In the past, the Department has received approval from the U.S. Department of Labor waiving youth OJT wage requirements specified in the JTPA and related regulations. Auditors should determine whether the waiver was in effect during the period of review. Contact the Job Training Partnership Office for additional information.

Numerous conditions and restrictions for the use of On-the-Job-Training (OJT) contracts are established at 20 CFR 627.240. Copies of these regulations are available from the Department.

Suggested Audit Procedures

- Review the recipients' training agreements to determine if any are OJT contracts.
- Complete appropriate audit tests to determine whether or not the conditions and requirements for OJT contracts were met.

Modified 5/00

**Job Training Partnership Act
State Wide Service Delivery Area
CFDA Numbers:
Title II 17.250, Title III 17.246
Department of Labor & Workforce Development – Program 4**

I. PROGRAM OBJECTIVE

The objective of the Job Training Partnership Act (JTPA) is to provide funds for training programs to prepare youth and unskilled adults for entry into the labor force. These programs should afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment and who are in need of such training to obtain productive employment.

The Department of Labor & Workforce Development provides funds under the program from both its Job Training Partnership Office and its State Wide Service Delivery Area. This portion of the Compliance Supplement applies to grants through the State Wide Service Delivery Area.

This program uses federal pass through money and the audit should be conducted in accordance with federal audit requirements.

II. PROGRAM PROCEDURES

The Department primarily distributes funds to eligible contractors, including municipalities, education agencies, non-profit organizations and private businesses and individuals. Under Title II-A of the Act, funds are provided for adult training activities. Some funds under Title II-A are also available for training services to older workers. Under Title II-B of the Act, funds are only available for youth training services in the summer months. Title II-C of the Act provides funds for year round youth training. The eight percent component under Titles II-A and II-C provide funds for education coordination activities. Under Title III of the Act, Economic Dislocation and Worker Adjustment Assistance (EDWAA), funds are available for retraining and readjustment services to dislocated workers.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirements

In the past, the Department has received approval from the U.S. Department of Labor waiving JTPA requirements for cost categories and cost limitations on

state administered Title II and Title III programs (except for National Reserve Account grants).

Auditors should determine whether the waivers were in effect during the period of review. Contact the Statewide Service Delivery Area for additional information and the effects of these waivers on these and other requirements.

Unless waived by USDOL, Title II Funds can be expended for training, administration, and participant support in accordance with guidelines on allowable costs issued by the Governor. 20 CFR 629.37-38 (See 20 CFR 629.38(e)(1) for the types of costs included as Title II training costs.) The financial assistance agreement will specify the amount of funds that can be used for the eligible activities.

Unless waived by USDOL, Title III funds can be expended for retraining, administration, supportive services, rapid response, basic readjustment, and needs related payments in accordance with guidelines on allowable costs issued by the Governor (20 CFR 631.13). The financial assistance agreement will specify the amount of funds that can be used for the different types of eligible activities.

Expenditures made for fixed unit price contracts do not need to be allocated or prorated according to the training, support and administration cost categories, however, certain other specific requirements exist. (20 CFR 629.38(e)(2).) The State Wide Service Delivery Area can provide information concerning the other requirements for fixed unit price contracts.

No funds made available under Titles I, II-A, II-C or III may be used for public service employment. 20 CFR 629.2

Suggested Audit Procedures

- Review the Governor's guidelines on allowable costs.
- Test expenditure and related records.
- Compare actual to maximum allowable cost.

B. ELIGIBILITY

Compliance Requirement

Eligibility requirements vary by program and may be adjusted semiannually. The requirements and guidelines are available from the State Wide Service Delivery Area. Pub. L. 97-300, Sec. 141 (e) (All Titles; Sec. 203 (Title II-A); Sec. 254 (Title II-B); and, Sec. 302 (Title III)

Suggested Audit Procedures

- Review selected participant files and determine the appropriateness of eligibility determinations.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

The financial assistance agreement will specify any matching, level of effort or earmarking requirements.

Suggested Audit Procedure

- Review the financial assistance agreements, identify any applicable requirements, and verify that the requirement was met and in the manner specified.

D. REPORTING REQUIREMENTS

Compliance Requirement

The financial assistance agreement will specify the reporting requirements.

Suggested Audit Procedures

- Obtain copies of reports and determine completeness of submission.
- Trace data in selected reports to supporting documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The financial assistance agreement will specify any special requirements.

Suggested Audit Procedures

- Review the financial assistance agreement, identify any special requirements, and verify that the requirements were met and in the manner specified.

Modified 5/00

State Training and Employment Program (STEP)

Department of Labor & Workforce Development– Program 5

I. PROGRAM OBJECTIVES

The purpose of the program is to reduce the current and future claims against unemployment benefits, foster new jobs due to the availability of a skilled labor force, and increase training opportunities to the state's workers to protect against fluctuations in the economy and to prepare for technological changes in the work place.

II. PROGRAM PROCEDURES

Funds for the program are appropriated from amounts the state collects in unemployment insurance contributions, and provided to the Alaska Human Resource Investment Council established under 29 USC 1532. The Council through the Department allocates funds to the Local Workforce Investment Boards (LWIB) established under the federal Workforce Investment Act. The administrative Agencies for the LWIBs are the Balance of State (BOS) and the Municipality of Anchorage (MOA). Funds are used to pay for services provided to individuals, grants to subrecipients to operate programs, and for goods and services provided by vendors.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES AS 23.15.620. State Training and Employment Program.

There is created in the department a program to finance and award grants to employment assistance and training entities. Employment assistance and training entities shall give appropriate state agencies full access to accounting records concerning grants received to assure compliance with program standards.

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirements

An entity receiving a grant under the program shall provide one or more program elements, including: industry specific training; on-the-job training; institutional or classroom job-linked training; support services, including allowances; employment assistance; relocation assistance; or, provisions of necessary tools, work-related clothing, safety gear, or other necessities to obtain or retain employment.

No more than \$10,000 of State Training and Employment Program funds may be spent on any individual. 8 AAC 87.090

Costs must be reasonable and customary to achieve the purpose of the grant. 8 AAC 87.090

Administrative costs may not exceed the amount designated in the grant award as administrative costs.

Activities must not replace or compete in any way with a federally approved, jointly administered apprenticeship program or any other existing training programs. AS 23.15.651(a)(2)

An eligible participant may receive one or more services provided by the program. Participant assessment and follow-up must be included as part of a service under the program. 8 AAC 87.080

Suggested Audit Procedures

- Test financial and related records and determine the purposes for which funds were expended.
- Verify that administrative expenses were within the amount budgeted in the grant award as administrative costs.
- Verify participant assessment and follow-up is provided as a service.
- Verify program expenditures were not used where federal program dollars were available and appropriate.

B. ELIGIBILITY

Compliance Requirements

Each participant must be a state resident, as defined in AS 01.10.055 and services cannot be denied to any eligible Alaskan resident based upon their place of residency. 8 AAC 87.040

An individual is eligible for program services upon the completion of the determination of eligibility, which remains valid for 120 days from the date of completion or until the person is no longer eligible, whichever comes first. 8 AAC 87.050

An individual liable to be displaced must be certified by his or her employer and such certification must be obtained before services can be provided. 8 AAC 87.060

The entity receiving a grant shall provide services to the following individuals:
1) unemployed and receiving unemployment insurance (UI) benefits OR

unemployed and have exhausted the right to UI within the past three years; or 2) employed, but liable to be displaced within the next six months because of: a) reductions in overall employment within a business; b) elimination of the worker's current job; or c) a change in conditions of employment requiring that, to remain employed, the employee must learn substantially different skills which the employee does not now possess; or 3) have worked in a position covered by AS 23.20 at any time during the last three years, and are not currently eligible for UI because: a) their employment has been seasonal, temporary, part-time or marginal; b) their qualifying wages are insufficient because of limited job opportunity; or, c) they are employed but, because they are under-employed, they are in need of employment assistance and training to obtain full employment.

Individuals eligible under this program, and with the following groups shall be targeted for program participation: current unemployment insurance claimants; women or minorities; persons responsible for court ordered child support payments; and persons who lack skills or whose skills have been outdated by technological change. 8 AAC 87.120

The Alaska Department of Labor & Workforce Development will provide a priority list to target any or all of the participants described in the target groups, above. 8 AAC 87.120

Eligible individuals who are employed at the time of application may receive services. Priority shall be given to those whose annual earned income is less than the Alaska annual average wage for the calendar year preceding application. 8 AAC 87.120

Suggested Audit Procedures

- Review and assess the grantee's procedures for verifying the eligibility of applicants.
- Review selected participant files and verify that eligibility determinations were appropriate.
- Review grantee's Participant Management Information Reports, Request for Proposals and the grant award and verify that reasonable efforts were made to serve the priority groups established by **State Statute** and the Alaska Department of Labor & Workforce Development.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching, level of effort or earmarking requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Periodic performance and financial reports are required of the grantee and will be specified in the grant agreements.

Suggested Audit Procedures

- Examine copies of reports and determine completeness of submission.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Grantees must establish a separate fund and accounting codes for receipt and disbursement of grant funds. 8 AAC 87.150

The grant agreement may contain specific provisions to which the grantee must adhere.

Suggested Audit Procedure

- Review financial and related records to verify the establishment and adequate use of a separate fund and accounting codes.
- Review the grant agreement, identify any special provisions or requirements, and verify that they were met.

Modified 5/01

Interpreter Referrals

Department of Labor & Workforce Development – Program 6

I. PROGRAM OBJECTIVES

The goal of this program is to assist deaf persons to obtain access to services by the provision of sign language interpreter referral services.

II. PROGRAM PROCEDURES

The grantee provides services in accordance with an approved grant application and agreement from the Division of Vocational Rehabilitation.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

As per AS 23.15.100(b)(2), the Department makes grants to public and other nonprofit organizations for the purpose of establishing and operating rehabilitation facilities and workshops. Funds may be expended for the administration and operation of programs designed to address the needs of eligible individuals.

Suggested Audit Procedure

- Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program, and are authorized or not prohibited under applicable guidelines and regulations.

B. ELIGIBILITY

Compliance Requirement

Persons receiving services must be deaf or hearing impaired.

Suggested Audit Procedure

- There are no special suggested audit procedures.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Quarterly expenditure reports must be submitted to the Division of Vocational Rehabilitation on a Cumulative Fiscal Report form no later than the 30th day after the end of the quarter.

A final financial report must be submitted on or before the 30th day after the date of termination of the project.

A narrative summary of project activities must be submitted semiannually.

Statistical information including the number of individuals served, services provided, the number of new clients/consumers served, and the outcome of services must be submitted 30 days after the end of the calendar quarter.

Suggested Audit Procedures

- Review procedures for preparing reports and evaluate adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data to the supporting documentation; and
- Evaluate adjustments.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Funds must be expended according to the budget included with the grant proposal. Budget revisions must be requested in advance and not later than 90 days before the end of the period of performance. Revisions must be requested for any changes, which may affect the goals and objectives, line items specifically addressed in the negotiating process, or 10% or more of a line item.

Suggested Audit Procedure

- Compare actual expenditures with the approved budget to determine if revisions were made appropriately and timely.

Modified 5/01

Adult and Dislocated Worker Programs (WIA)
Job Training Unit, Employment Security Division
Department of Labor & Workforce Development – Program 7

I. PROGRAM OBJECTIVES

The Adult and Dislocated Worker Program provides services to adult and dislocated workers in an effort to assist those individuals in obtaining and retaining employment.

Adult and Dislocated Worker Program funding is allocated through the AK Workforce Investment Office (AWIO) to Alaska's two workforce investment areas using a formula driven by need in each area. In the Anchorage Mat Su workforce investment area, the program policy and design is overseen by the Anchorage Mat Su Local Workforce Investment Board and administered by the Municipality of Anchorage (MOA). In the Balance of State (BOS) workforce investment area, the program policy and design is overseen by the Balance of State Local Workforce Investment Board and administered by the Job Training Unit in the Employment Security Division of the Department of Labor and Workforce Development. Because the Adult and Dislocated Worker programs use federal pass through money, audits of the administrative entities and subgrantees should be conducted in accordance with federal audit requirements.

Source of Governing Requirements

The Adult and Dislocated Worker Program is authorized by: Title I, Chapter 5 of the Workforce Investment Act (WIA) of 1998 (Pub. L. No. 105-220, 112 Stat. 936-1059; 29 USC 2811 et seq.). The regulations are at 20 CFR parts 660-671 and were published in the August 11, 2000, Federal Register (65 FR 49293).

II. PROGRAM PROCEDURES

The workforce investment system established under WIA emphasizes informed customer choice, system performance, customer satisfaction, and continuous improvement. The eligible provider process is part of the strategy for achieving these goals. A Local Board may not itself provide training services to adults and dislocated workers unless it receives a waiver from the Governor and meets the requirements of WIA section 117(f)(1) (29 USC 2832(f)(1)). Instead, Local Boards, in partnership with the State, identify training providers and programs whose performance qualifies them to receive WIA funds to train adults and dislocated workers. Participants select from the eligible providers and programs to meet their job training needs. Eligible participants receive core and intensive

services in consultation with case managers before determining if they need training to allow them to earn a self-sufficient income (20 CFR section 663.440).

The Department distributes funds to eligible providers, including municipalities, education agencies, non-profit organizations and private businesses and individuals to pay costs of adult and dislocated worker employment and training activities.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. ACTIVITIES ALLOWED - LOCAL ACTIVITIES - WIA, TITLE I, SUBTITLE B, CHAPTER 5 ADULT AND DISLOCATED WORKERS ACTIVITIES

1. Funds may be used at the local level to pay for core One-Stop system costs as well as for intensive services and training services for program participants.
2. Core Services - The following are core services (20 CFR section 662.240):
 - a. Eligibility determination for WIA services.
 - b. Outreach, intake, and orientation to available information and services.
 - c. Initial assessment of skill levels, aptitudes, abilities and supportive services needs.
 - d. Career counseling.
 - e. Job search and placement assistance.
 - f. Provision of employment statistics and job information.
 - g. Provision of performance information on eligible providers of training services, youth activities, and adult education.
 - h. Provision of information on local area performance.
 - i. Provision of information on availability of supportive services.
 - j. Provision of information regarding filing Unemployment Insurance (UI) claims.
 - k. Assistance in establishing eligibility for welfare to work activities and programs of financial assistance for training and education programs.
 - l. Follow-up services including counseling for individuals placed into unsubsidized employment for at least 12 months following placement (20 CFR section 663.150).

3. Intensive Services - The following are intensive services (29 USC 2864(d)(3); 20 CFR section 663.200):
 - a. Specialized assessments including diagnostic testing, in-depth interviewing, and evaluation.
 - b. Development of employment plan.
 - c. Group counseling.
 - d. Individual counseling and career planning.
 - e. Case management.
 - f. Pre-vocational services, including workplace behavior skills training.
4. Training Services - The following are training services (29 USC 2864(d)(4); 20 CFR section 663.300):
 - a. Occupational training.
 - b. On the Job Training (OJT).
 - c. Skill upgrading.
 - d. Entrepreneurial training.
 - e. Job readiness training.
 - f. Adult literacy.
 - g. Customized training (Customized training is designed to meet the special needs of an employer. Such employers are required to pay at least fifty percent of the training (20 CFR section 663.715)).
5. At the discretion of the State and local Boards the following services may be provided (29 USC 2864(e)):
 - a. Customized screening and referral.
 - b. Supportive services, including needs related payments.

B. UNALLOWED ACTIVITIES - ALL PROGRAM CATEGORIES

WIA title I funds may not be used for the following activities:

1. Construction or purchase of facilities or buildings (20 CFR 667.260), with the following exceptions:
 - a. Providing physical and programmatic accessibility and reasonable accommodation, as required under section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended (20 CFR 667.260(a)).
 - b. Repairs, renovations, alterations and capital improvements of SESA real property and JTPA-owned property which is transferred to WIA title I programs (20 CFR 667.260(b)).
 - c. Disaster relief employment on projects for demolition, cleaning, repair, renovation, and reconstruction of damaged and destroyed

structures, facilities, and lands located within a disaster area (WIA sec.173(d); 29 USC 2918(d); 20 CFR 667.260(d)).

2. Employment generating activities, economic development activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and similar activities not directly related to training for eligible individuals, with the exception of employer outreach and job development activities, which are considered directly related to training for eligible individuals (WIA section 181(e); 29 USC 2931(e); 20 CFR 667.262):
3. The employment or training of participants in sectarian activities. Participants shall not be employed in the construction, operation, or maintenance of a facility that is or will be used for sectarian instruction or as a place for religious worship. However, WIA funds may be used for the maintenance of a facility that is not primarily or inherently devoted to sectarian instruction or religious worship if the organization operating the facility is part of a program or activity providing services to WIA participants. (WIA section 188(a)(3); 29 USC 2938(a)(3); 20 CFR 667.266).
4. Encouraging or inducing the relocation of a business or part of a business from any location in the United States if the relocation results in any employee losing his or her job at the original location (20 CFR 667.268).
5. Providing customized training, skill training, or on-the-job training or company specific assessments of job applicants or employees of a business or a part of a business that has relocated from any location in the United States, until the company has operated at that location for 120 days, if the relocation resulted in any employee losing his or her job at the original location (20 CFR 667.268(a)).
6. Paying the wages of incumbent employees during their participation in economic development activities provided through a Statewide workforce investment system (WIA sec.181(b)(1); 29 USC 2931(b)(1); 20 CFR section 667.264(a)(1)).
7. Public service employment, except to provide disaster relief employment, as specifically authorized in section 173(d) of WIA (WIA sec. 195(10); 29 USC 2945(10); 20 CFR 667.264(a)(2)).

Suggested Audit Procedures

- Review guidelines above for allowable as-well-as unallowable activities.

- Test expenditure and related records for reasonableness and consistency with allowable activities.
- Test expenditures for accuracy and support.

C. ELIGIBILITY FOR INDIVIDUALS

1. All Program Categories

- a. Selective Service - No participant may be in violation of section 3 of the Military Selective Service Act (50 USC App. 453) by not presenting and submitting to registration under that Act (29 USC 2939(h)).
- b. Citizenship - WIA participants must be citizens and nationals of the United States, lawfully admitted permanent resident aliens, refugees, assails, and parolees, and other immigrants authorized by the Attorney General to work in the United States (29 USC 2938(a)(5)).

2. Subtitle B Statewide and Local Workforce Investment Systems (Adult and Dislocated Worker Employment and Training Activities)

- a. An adult must be 18 years of age or older.
- b. A dislocated worker means an individual who meets the definition in 29 USC 2801(9).
- c. A dislocated homemaker means an individual who meets the definition in 29 USC 2801(10).
- d. Before receiving training services, an adult or dislocated worker must have received at least one core and one intensive service, been determined to be unable to obtain or retain employment, which allows them to earn a self-sufficient wage, through core and intensive services, and met all of the following requirements (20 CFR sections 663.240 and 663.310):
 1. (Had an interview, evaluation, or assessment and determined to be in need of training services and have the skills and qualifications to successfully complete the selected training program.
 2. Selected a training service linked to the employment opportunities.
 3. Was unable to obtain available grant assistance from other sources, including other Federal programs, to pay the costs of the training.

Suggested Audit Procedures

- Review requirements for eligibility.
- Review selected participant files and determine the appropriateness of eligibility determinations.

- Review and assess the grantee's procedures for adequately verifying the eligibility of applicants.
- Review and assess the grantee's procedures for periodically determining continued eligibility and level of participation.
- Review and assess the grantee's procedures for terminating services to clients determined to be ineligible.
- Review and assess the grantee's procedures for denying training services.

D. EQUIPMENT AND REAL PROPERTY MANAGEMENT

Recipients and subrecipients may permit employers to use WIA-funded, local area services, facilities, or equipment on a fee-for-service basis, to provide employment and training activities to incumbent workers if this does not interfere with utilization by eligible participants and the income generated from such fees is treated as program income (29 USC 2945(13); 20 CFR section 667.200(a)(8)).

Suggested Audit Procedures

- Determine if the above activities occur and if so do they result in noncompliance.
- Determine if income generated by these activities is treated as program income as required.

E. MATCHING, LEVEL OF EFFORT, EARMARKING

Compliance Requirement

The financial assistance agreement will specify any matching, level of effort or earmarking requirements.

Suggested Audit Procedure

- Review the financial assistance agreements, identify any applicable requirements, and verify that the requirement was met and in the manner specified.

F. REPORTING

Subrecipients (e.g., local boards) are generally required to report financial information to the pass-through entity (e.g., State). These reports should be tested during audits of subrecipients.

Compliance Requirement

The financial assistance agreement will specify the reporting requirements.

Suggested Audit Procedures

- Obtain copies of required reports and determine completeness and timeliness of submission.

- Trace data in selected reports to supporting documentation.

G. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The financial assistance agreement will specify any special tests and provisions.

Suggested Audit Procedures

- Review the financial assistance agreement, identify any special tests and provisions and verify that the requirements were met and in the manner specified.

New 5/01

Youth Programs (WIA)
Job Training Unit, Employment Security Division
Department of Labor & Workforce Development – Program 8

I. PROGRAM OBJECTIVES

The Youth Program provides a comprehensive array of services to youth in an effort to assist them in successfully transitioning into adulthood, careers, and further education and training.

Source of Governing Requirements

The Youth Program is authorized by: Title I, Chapter 4 of the Workforce Investment Act (WIA) of 1998 (Pub. L. No. 105-220, 112 Stat. 936-1059; 29 USC 2811 et seq.). The regulations are at 20 CFR parts 660-671 and were published in the August 11, 2000, Federal Register (65 FR 49293).

II. PROGRAM PROCEDURES

Youth Program formula funding is allocated through the AK Workforce Investment Office (AWIO) to Alaska's two workforce investment areas using a formula driven by need in each area. In the Anchorage Mat Su workforce investment area, the program is overseen by the Anchorage Mat Su Local Workforce Investment Board and administered by the Municipality of Anchorage (MOA). In the Balance of State (BOS) workforce investment area, the program is overseen by the Balance of State Local Workforce Investment Board and administered by the Job Training Unit in the Employment Security Division of the Department of Labor and Workforce Development (DOL). Because the Youth program uses federal pass through money, audits of the administrative entities and subgrantees should be conducted in accordance with federal audit requirements.

The local administrative entities (MOA and DOL Job Training), on behalf of the local workforce investment board (LWIB), distribute funds through a competitive process to eligible contractors and grantees, including municipalities, education agencies, non-profit organizations and private businesses and individuals. The funds are used to pay costs of youth activities. The local administrative entities can also provide direct services for case management and summer employment programs if the Governor waives the restriction on LWIB direct provision of services.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

**A. ACTIVITIES ALLOWED - LOCAL ACTIVITIES – WIA, TITLE I,
SUBTITLE B, CHAPTER 4 YOUTH ACTIVITIES**

1. Youth activities can provide a wide array of services relating to employment, education and youth development. With the possible exceptions of the design framework component, the summer employment component, and case management activities, these activities must be obtained by grant or contract with a service provider (Training and Employment Guidance Letter No. 9-00). The activities include but are not limited to the following (29 USC 2843 and 2854(c)(2); 20 CFR sections 664.405(a)(4) and .410):
 - a. Tutoring, study skills training, and instruction leading to completion of secondary school, including dropout prevention strategies.
 - b. Alternative secondary school services.
 - c. Summer employment opportunities that are directly linked to academic and occupational learning.
 - d. Paid and unpaid work experience, including internships and job shadowing.
 - e. Occupational skills training.
 - f. Leadership development opportunities, including community service and peer-centered activities encouraging responsibility and other positive social behaviors.
 - g. Supportive services.
 - h. Adult mentoring for a period of participation and a subsequent period, for a total of not less than 12 months.
 - i. Follow-up services.
 - j. Comprehensive guidance and counseling, including drug and alcohol abuse counseling and referral.
2. Funds allocated to a local area for eligible youth shall be used for programs that (20 CFR section 664.405):
 - a. Objectively assess academic levels, occupational skill levels, service needs (i.e., occupational, prior work experience, employability, interests, aptitudes), and supportive service needs of each participant;
 - b. Develop service strategies that identify an employment goals, achievement objectives, and the appropriate services needed to achieve the goals and objectives for each participant; and
 - c. Provide post-secondary education preparation, linkages between academic and occupational learning, preparation for unsubsidized employment opportunities, and effective connections to intermediaries with strong links to the job market and local and regional employers.

B. ACTIVITIES NOT ALLOWED- ALL PROGRAM CATEGORIES

WIA Title I funds may not be used for the following activities:

1. Construction or purchase of facilities or buildings (20 CFR 667.260), with the following exceptions:
 - a. Providing physical and programmatic accessibility and reasonable accommodation, as required under section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended (20 CFR 667.260(a)).
 - b. Repairs, renovations, alterations and capital improvements of SESA real property and JTPA-owned property which is transferred to WIA title I programs (20 CFR 667.260(b)).
 - c. Disaster relief employment on projects for demolition, cleaning, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within a disaster area (WIA sec.173(d); 29 USC 2918(d); 20 CFR 667.260(d)).
2. Employment generating activities, economic development activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and similar activities not directly related to training for eligible individuals, with the exception of employer outreach and job development activities, which are considered directly related to training for eligible individuals (WIA section 181(e); 29 USC 2931(e); 20 CFR 667.262):
3. The employment or training of participants in sectarian activities. Participants shall not be employed in the construction, operation, or maintenance of a facility that is or will be used for sectarian instruction or as a place for religious worship. However, WIA funds may be used for the maintenance of a facility that is not primarily or inherently devoted to sectarian instruction or religious worship if the organization operating the facility is part of a program or activity providing services to WIA participants. (WIA section 188(a)(3); 29 USC 2938(a)(3); 20 CFR 667.266).
4. Encouraging or inducing the relocation of a business or part of a business from any location in the United States if the relocation results in any employee losing his or her job at the original location (20 CFR 667.268).

5. Providing customized training, skill training, or on-the-job training or company specific assessments of job applicants or employees of a business or a part of a business that has relocated from any location in the United States, until the company has operated at that location for 120 days, if the relocation resulted in any employee losing his or her job at the original location (20 CFR 667.268(a)).
6. Paying the wages of incumbent employees during their participation in economic development activities provided through a Statewide workforce investment system (WIA sec.181(b)(1); 29 USC 2931(b)(1); 20 CFR section 667.264(a)(1)).
7. Public service employment, except to provide disaster relief employment, as specifically authorized in section 173(d) of WIA (WIA sec. 195(10); 29 USC 2945(10); 20 CFR 667.264(a)(2)).

Suggested Audit Procedures

- Review guidelines above for allowable as-well-as disallowable activities.
- Test expenditure and related records for reasonableness and consistency with allowable activities.
- Test expenditures for accuracy and support.

C. ELIGIBILITY FOR INDIVIDUALS

1. All Program Categories

- a. Selective Service - No participant may be in violation of section 3 of the Military Selective Service Act (50 USC App. 453) by not presenting and submitting to registration under that Act (29 USC 2939(h)).
- b. Citizenship - WIA participants must be citizens and nationals of the United States, lawfully admitted permanent resident aliens, refugees, assails, and parolees, and other immigrants authorized by the Attorney General to work in the United States (29 USC 2938(a)(5)).

2. Subtitle B Statewide and Local Workforce Investment Systems (Youth Activities)

A person is eligible to receive services under Youth Activities if they are between the ages of 14 and 21 at the time of enrollment (20 CFR section 664.200) and demonstrate at least one of the following barriers to employment: deficient in basic literacy skills; a school dropout; homeless, a runaway; a foster child; pregnant or parenting; offender; or an individual who requires additional assistance to complete an educational program, or to secure and hold employment (20 CFR sections 664.200, .205, and .210).

Up to five percent of youth participants served by youth programs in a local area may be individuals who do not meet the income criterion for eligible youth (20 CFR section 664.220), provided that they are within one or more of the following categories:

- a. School dropout;
- b. Basic skills deficient, as defined in WIA section 101(4);
- c. Are one or more grade levels below the grade level appropriate to the individual's age;
- d. Pregnant or parenting;
- e. Possess one or more disabilities, including learning disabilities;
- f. Homeless or runaway;
- g. Offender; or
- h. Face serious barriers to employment as identified by the Local Board. (WIA sec. 129(c)(5).)

Suggested Audit Procedures

- Review requirements for eligibility.
- Review selected participant files and determine the appropriateness of eligibility determinations.
- Review and assess the grantee's procedures for adequately verifying the eligibility of applicants.
- Review and assess the grantee's procedures for periodically determining continued eligibility and level of participation.
- Review and assess the grantee's procedures for terminating services to clients determined to be ineligible.

D. EQUIPMENT AND REAL PROPERTY MANAGEMENT

Recipients and subrecipients may permit employers to use WIA-funded, local area services, facilities, or equipment on a fee-for-service basis, to provide employment and training activities to incumbent workers if this does not interfere with utilization by eligible participants and the income generated from such fees is treated as program income (29 USC 2945(13); 20 CFR section 667.200(a)(8)).

Suggested Audit Procedures

- Determine if the above activities occur and if so do they result in noncompliance.
- Determine if income generated by these activities is treated as program income as required.

E. MATCHING, LEVEL OF EFFORT, EARMARKING

Compliance Requirement

The financial assistance agreement will specify any matching, level of effort or earmarking requirements.

Suggested Audit Procedure

- Review the financial assistance agreements, identify any applicable requirements, and verify that the requirement was met and in the manner specified.

F. REPORTING

Subrecipients are generally required to report financial information to the local administrative entity (e.g., State or Municipality). These reports should be tested during audits of subrecipients.

Compliance Requirement

The financial assistance agreement will specify the reporting requirements.

Suggested Audit Procedures

- Obtain copies of required reports and determine completeness and timeliness of submission.
- Trace data in selected reports to supporting documentation.

G. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The financial assistance agreement will specify any special tests and provisions.

Suggested Audit Procedures

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New 5/01